

# Appendix 1

## **Corporate Anti-Fraud Team (CAFT) Progress Report: 1 April 2022 – 30 June 2022**

# EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 April 2022 to 30 June 2022 and represents an up-to-date picture of the work undertaken, including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work plan.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer (and Section 151) Officer in fulfilling their statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero-tolerance approach to fraud, corruption, bribery, and other irregularity including any Money Laundering activity.

The **Corporate Fraud Team** investigated **44** cases of alleged fraud. These investigations resulted in **1** Covid Grant being denied (valued at £10,000) as well as several recovery cases relating to Council Tax payments.

CAFT continue to work closely with the Finance unit to offer assurance against the Covid-19 Grant scheme and are currently undertaking both pre-payment checks and a post assurance exercise, to confirm that funds were paid correctly.

The **Concessionary Travel Fraud** Team has investigated **107** cases of alleged Blue Badge misuse, fraudulent appeals relating to penalty charge notices (PCNs) and alleged parking permit fraud. These resulted in **5** criminal prosecutions and **22** cautions being administered.

The team has also put in a place a new working protocol with Parking Services to ensure that every PCN, issued against a Blue Badge and subsequently appealed, has assurance that the badge was not being misused in the first instance.

The **Tenancy Fraud team** has continued to work in challenging conditions this quarter, however they have investigated **225** cases of alleged Tenancy Fraud. They were responsible for recovering **8** properties and prosecuting a case of a fraudulent succession application. The team also prevented **6** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. **A** further **5** Right to Buy applications were denied as Anti-Money Laundering (AML) checks had failed to verify the origin of funds being used. In addition to this, Tenancy fraud officers prevented **7** new applications that were submitted by persons who were not eligible to be housed. This included **3** Sole to Joint tenancy applications and **1** Assignment, all of which were cancelled due to the applicant not being resident at the property for the prescribed 12 months. There were also **3** homeless applications, **1** was cancelled for not having any links to the London Borough of Barnet, **1** applicant moved out of the Barnet area and **1** was cancelled due to providing a false application. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

There have been **14 Financial (Proceeds of Crime) Investigations** carried out this quarter. **11** of these are ongoing and recovery of confiscation orders continues. **2** cases were concluded as the full Proceeds were recovered and **1** case closed due to insufficient evidence to continue.

In addition to the specialist Financial investigative role, CAFT continue to provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary or recovery action is taken. It is this element along with the

'preventative – deterrent' nature of the CAFT work that is hard to quantify statistically but where possible we have done so in the performance indicators section of this report.

We are confident that CAFT will continue to provide an efficient value for money counter fraud service and has demonstrated that it is able to successfully investigate all types and levels of fraud referrals to an appropriate outcome.

### **Other information reported as per requirements of policy.**

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	<b>2 this Quarter.</b> This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.
Number of referrals received under the council's whistleblowing policy.	<b>0 this Quarter</b>

# CORPORATE FRAUD

There have been **44** cases dealt with in **Quarter one** of 2022-23 relating to Fraud against services provided by the Council or within Service Areas

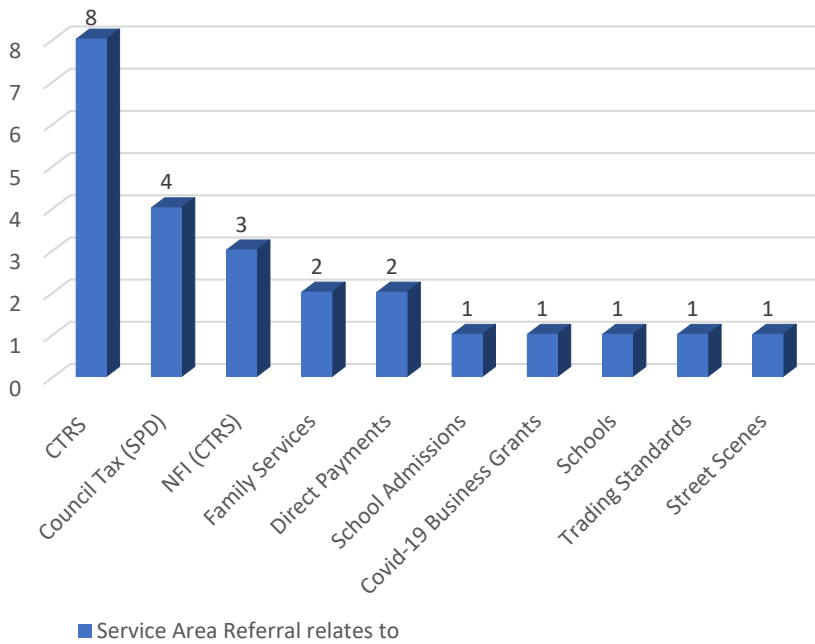
**20** cases carried forward from 2021-22

**24** New referrals received in quarter 1

**10** cases were closed in quarter 1

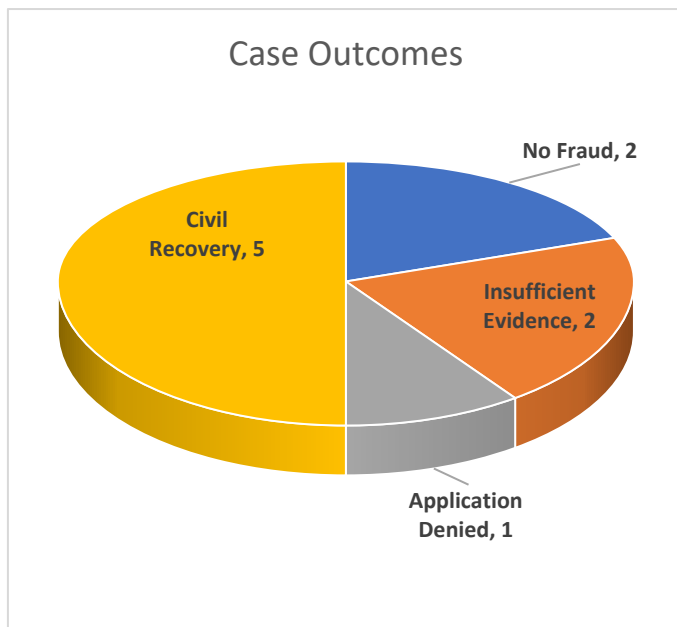
**34** on-going investigations

## New Referrals received in Quarter 1



The majority of referrals in this quarter relate to **Council Tax Reduction Scheme (CTRS)** and **Single Person Discount Fraud (SPD)** with this being **46.1%** of all new referrals. due concerns over false applications

## Closed cases in Quarter 1



### 1 Application denied



- 1 Covid-19 Business Grant denied (**£10,000** Fraud prevented)

### 5 Civil Recovery



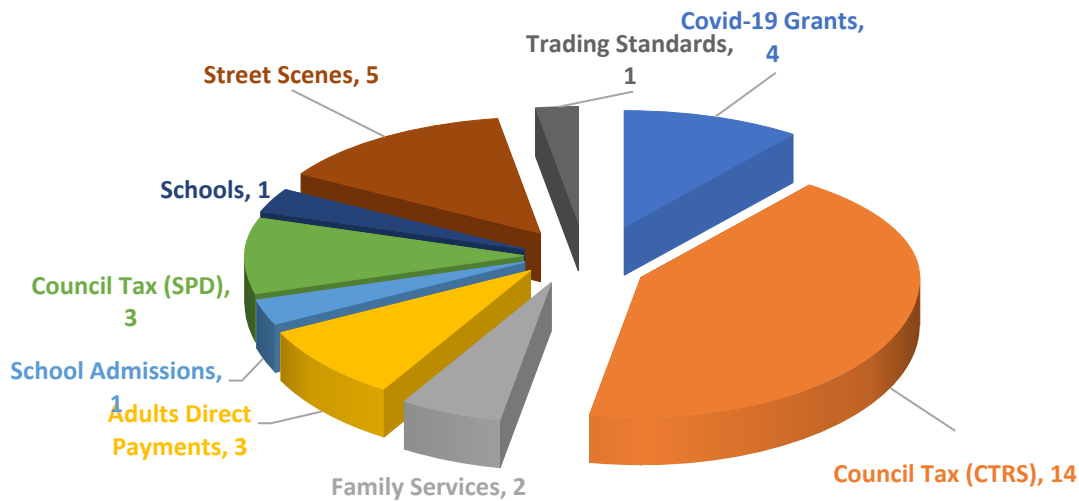
- 1 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£1,263.28** to be recovered
- 4 relate to Council Tax Support (CTRS) (**£11,070.98** to be recovered)

### 2 Insufficient Evidence

### 2 No Fraud

## On-going investigations

### AREAS OF INVESTIGATION FOR ON-GOING CASES



14 Council Tax (CTRS)
5 Street scenes
4 Covid-19 Grants
3 Adults Direct Payments
3 Council Tax (SPD)
2 Family Services
1 School Admissions
1 Trading Standards
1 Schools

## Noteworthy Corporate Cases

**Case 1** – Mr T was receiving Council Tax Support due to being unemployed. The National Fraud Initiative (NFI) highlighted that Mr T had been working since 2017. Proof of income was requested which found that he had started work in October 2017 and had failed to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£4,625**. He was invited to attend an interview under caution but due to mental health concerns, the case was concluded as civil recovery only. The council Tax department are recovering the overpaid Council tax support from the resident.

**Case 2** – Mr A was receiving Council Tax Support due to being in receipt of Universal Credit. The National Fraud Initiative (NFI) highlighted that Mr A's Universal Credit had ended in 2019. An investigation commenced for a failure to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£4,538**. The case was concluded as civil recovery only due to notification having been received by the DWP in 2019 and mitigation. The council Tax department are recovering the overpaid Council tax support from the resident.

**Case 3** – Mrs H was receiving a Single Person Discount (SPD) on her Council Tax. An investigation commenced after the tenancy fraud team had identified that her adult children were residing with her at the property when looking at a Right to Buy application. The SPD was removed resulting in **£1,263** being identified for Council tax recovery. No criminal action was taken due to the tenant having notified another department that they were residing there in 2021 which could be deemed as a declaration of a change to the Council and no fraudulent intent to claim a discount.

**Case 4** – Several claims for discretionary business support grants were made by one accountant on behalf of several companies. Mr C had claimed that the companies were renting office space from him. Visits to the premises raised suspicion when there was no-one from the companies present and this was actually the office he was operating from as an accountant. Further investigations showed that these companies did exist, and he was their accountant and had access to their records. Some companies had confirmed legitimacy of the applications; however, some were family members where it was suspected they were colluding with him. Due to the level of evidence required to prove that Mr C had acted dishonestly, the case against Mr C could not pursue to criminal prosecution, however the investigation resulted in the applications being denied and £10,000 being prevented from leaving the Authority.

# CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, Blue Badge, Parking permits fraud and fraudulent appeals for Penalty Charge Notices (PCN's). Blue Badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a Blue Badge in any other circumstances.

There have been **129** cases dealt with in **Quarter one** of 2022-23 relating to Concessionary Travel Fraud

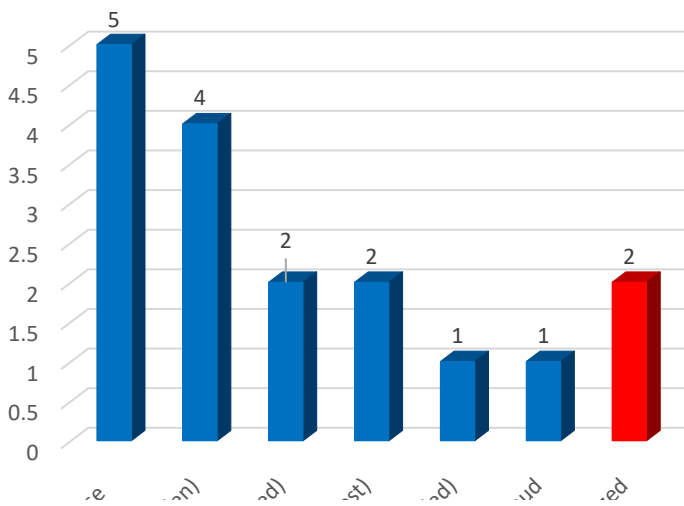
**114** cases carried forward from 2021-22

**15** New referrals received in quarter 1

**62** cases were closed in quarter 1

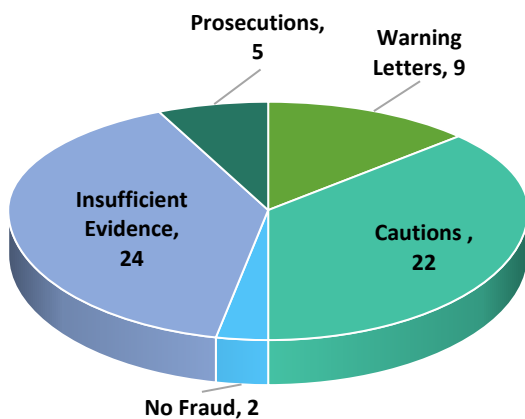
**67** on-going investigations

## New Referrals received in Quarter 1






The highest number of referrals related to blue badge misuse / fraud in the area of Golders Green with this accounting for **33.3%** of all new referrals received this quarter

## Closed cases in Quarter 1

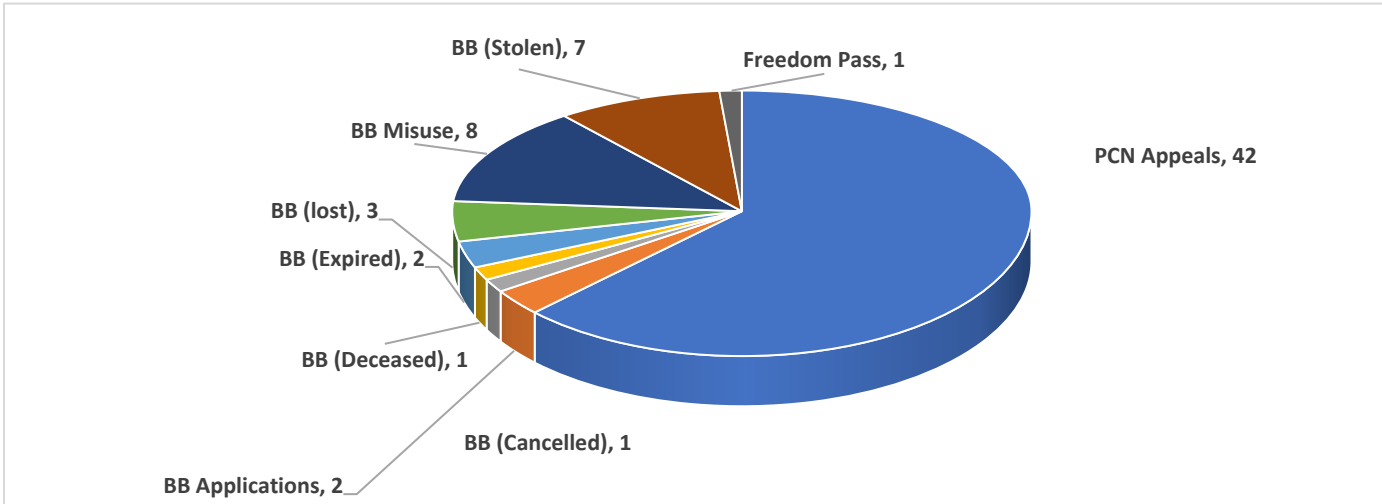


## Outcomes

- 5** Prosecutions  (total costs recovered £3,050)  
(Total fines issued at court £2,059)
- 22** Cautions  (total costs recovered £1015.)
- 9** Warning Letters 
- 24** Insufficient Evidence
- 2** No Fraud

\* Where the circumstances of the misuse are such that criminal sanction is not appropriate, an example would be a badge holder using their own expired badge whilst waiting for a new badge to be issued

## On-going Investigations



### 22 Cautions were administered by the Concessionary Travel Team in Quarter one

*Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a Simple Caution. All of the cases that were cautioned related to instances of straight forward misuse that took place. These include situations where errands were being run by family members on behalf of the badge holder such as the collection of medication or food. The offenders stated that they had the badge holder's permission and believed that the badge could be used for such action. However, when the Blue Badge scheme was explained to them, they realised that their actions fell outside of what was permitted. In such cases and in accordance with our policy the council can issue a simple caution rather than pursue the matter through the courts.*

### Noteworthy Concessionary Travel Cases

**Case 1-** relates to the use of a Deceased persons blue badge. Further investigation revealed that the badge holder had passed away approximately 10 months prior. On 16<sup>th</sup> June the offender attended Willesden Magistrates Court and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984, he was sentenced to a fine of £236, ordered to pay costs of £350 and a victim surcharge of £32.

**Case 2-** relates to the misuse of a stolen disabled badge. The offender attended an interview under caution and admitted to the misuse of the badge, he subsequently attended Willesden Magistrates Court on 16<sup>th</sup> June and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £373 ordered to pay costs of £450 and a victim surcharge of £37.

**Case 3** - relates to the use of a stolen disabled badge. The offender admitted to the misuse at interview after initially denying any wrongdoing at the roadside, she went on however to attend court where she pleaded "not Guilty" to the offence and the matter went to trial, at trial she gave yet another version of events, she was however ultimately found guilty and was sentenced to a fine of £670, ordered to pay costs of £1500 and a victim surcharge of £67.

**Case 4** - relates to the use of a counterfeit disabled badge. The offender admitted to purchasing the badge in order to park close to where he was attending university but stated he did not know at the time that it was a counterfeit. On 19<sup>th</sup> May 2022 at Willesden Magistrates Court the defendant pleaded guilty to the wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £120, ordered to pay costs of £250 and a victim surcharge of £34.

**Case 5** - relates to the use of a disabled badge on several occasions that had been reported as lost by the legitimate holder. The offender tried to blame another individual who he claimed was with him when the badge was used however, he was not able to give adequate information relating to the individual to convince investigators of his version of events. The offender failed to attend Willesden Magistrates Court on 19<sup>th</sup> May and was therefore found guilty in his absence of the wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £660, ordered to pay costs of £500 and a victim surcharge of £66.

# TENANCY FRAUD

The Tenancy Fraud team prevent, identify, investigate, deter, and sanction persons that commit Tenancy Fraud in Barnet, ensuring a maximum return of properties back to the Council and Social Housing Partners where Tenancy Fraud has been proven.

There have been **225** cases dealt with in **Quarter one** of 2022-23 relating to Tenancy Fraud

**103** cases carried forward from 2021-22

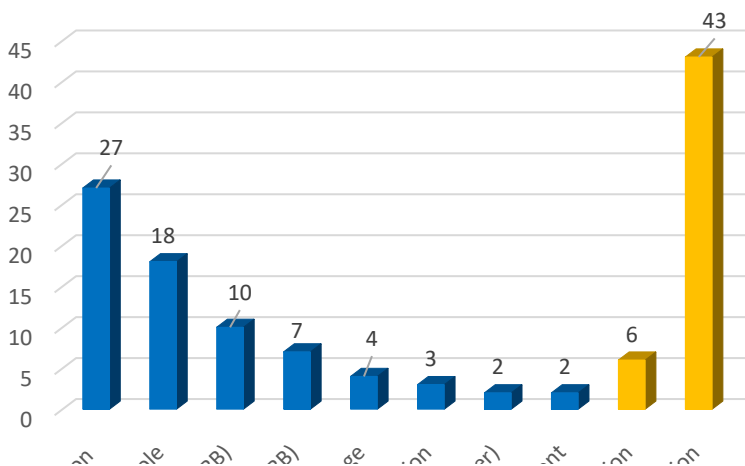
**79** New Fraud referrals received in quarter 1

**43** Right to buy applications for verification

**131** Cases were closed in quarter 1

**94** on-going investigations

## New Fraud Referrals / Verification Requests received in Quarter 1



The total number of all new referrals in quarter one was consistent with that of quarter one of last year



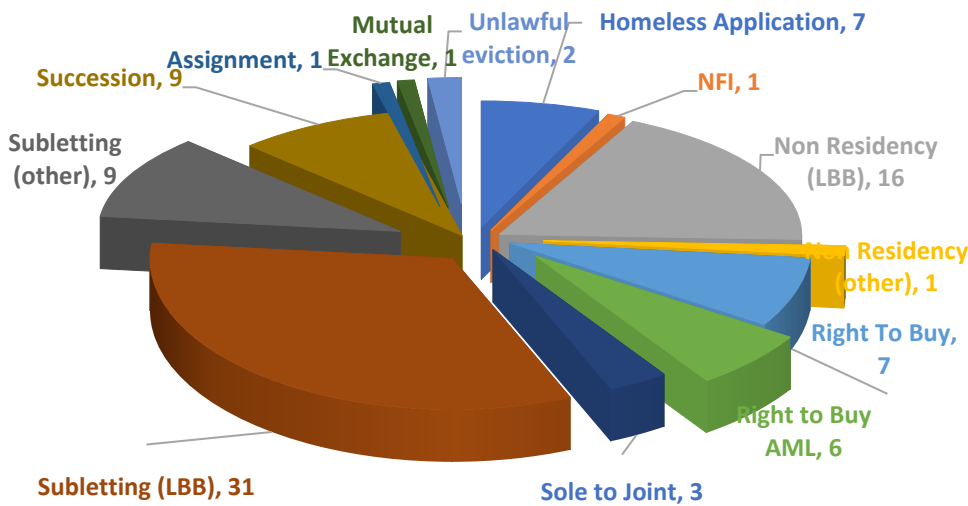
# Closed cases in Quarter 1



- 1 Prosecution (including 1 property recovered)
- 2 Properties recovered in Civil courts
- 5 Properties Recovered (Keys Returned)
- 46 Applications verified
- 3 Homeless Applications denied
- 10 No Fraud
- 5 RTB AML checks not satisfied
- 46 Right to Buy Applications Verified
- 6 RTB Applications cancelled
- 1 Assignment Application denied
- 3 Sole to joint/Joint to sole applications denied
- 3 Insufficient Evidence

## On-going Investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 31 Subletting (LBB)
- 16 Non-residency (LBB)
- 9 Subletting (other)
- 9 Successions
- 7 Homeless Applications
- 7 Right to Buy
- 6 RTB AML
- 2 Unlawful eviction
- 3 Sole to joint tenancy application
- 1 non-residency (other)
- 1 NFI
- 1 Assignment
- 1 Mutual Exchange

As a result of CAFT investigations six Right to Buy applications were stopped resulting in the properties being retained in council housing stock. Had the purchases been allowed to continue, LB Barnet would have offered a discount of £116,200 on each property. This equates to the authority retaining an asset value of **£697,200**.

8 properties (3x 1 bed, 2x 2 bed and 3x 3 bed) were recovered during Quarter one. This equates to a saving in temporary accommodation costs of **£245,697**.

**2** on-going investigations have had Properties recovered in Quarter 1 and are awaiting further action in the courts.

**13** Cases are with legal, 12 of which are awaiting civil action and 1 prosecution case.

One criminal prosecution was concluded in quarter one \*see noteworthy

## Noteworthy Tenancy Fraud Cases

**Case 1** – Ms E had a two-bedroom house in Friern Barnet, a CAFT investigation was started due to an anonymous referral. The allegation stated the tenant was no longer resident and sub-letting their social housing property to another person. The resulting CAFT investigation found the tenant and bought a property on 28 January 2021 and was living there whilst allowing her son to reside in the social housing property. The tenant denied any wrongdoing at interview and stated she thought her son was a joint tenant, however she returned the keys and the property was recovered.

**Case 2** – Ms G had a three-bedroom house in Mill Hill, an investigation was started due to a succession application on a different property, one of the applicants was linked to this social housing property in Mill Hill. The resulting CAFT investigation found the tenant had been living abroad whilst allowing her sister to reside at the social housing property. The tenant has returned the keys and the property has been recovered, as the tenant is living abroad there was no prospect of a prosecution.

**Case 3** – Mr M had a two-bedroom flat in Barnet, an investigation started due to a succession application made by Mr M. On this application he stated he was the partner/carer of the deceased tenant. The resulting CAFT investigation found that Mr M was the lodger/carer not the partner. The case was referred to legal for civil proceedings where a possession order was granted on 23 December 2021, an eviction was carried out on 4 May 2022. There was not enough evidence to consider criminal proceedings and therefore the recovery of the property is the best outcome.

**Case 4** - Mr O had a one-bedroom flat in Cricklewood, a referral was received from the caretaker of the social housing address. It was alleged the tenant was no longer living in the social housing property and sub-letting to another person. The resulting CAFT investigating found evidence linking the tenant to a property in Hounslow, an un-announced visit was made to the social housing property where a person who was not the tenant was found, however he denied he was living there and was just visiting. The tenant was interviewed under caution and admitted to living with his partner for the last two years, the tenant returned the keys, due to the evidence obtained the matter was passed to legal for criminal proceedings, however at court the tenant pleaded not guilty to sub-letting and was found not guilty.

**Case 5** - Ms D had a one-bedroom flat in Colindale, a referral to the Corporate Anti-Fraud Team was received from Barnet Council's Income Collections Team. It stated that a visit had been made to the social housing property and that it appeared abandoned, further information stated the tenant had been contacted by phone and advised that her sister in Bolton was unwell and she was looking after her. The following CAFT investigation found that the property had not been lived in for some time, the tenant was invited to attend an interview under caution however refused. The case was therefore passed to legal for civil proceeding and the property was recovered.

**Case 6** – Mr G had a three-bedroom house in Barnet, an investigation started due to a referral from Barnet Council's Missing in Education department, this stated they had received information from the school of the tenant's children stating they had moved to Romania. Evidence obtained following the investigation found that the family had travelled to Romania on 1 August 2021, there were no return flights booked showing there was no intention to return. Further evidence showed the tenants brother was financially linked to the social housing property. A Notice Seeking Possession Order was served, the tenant received this and flew back to the UK to be interviewed under caution where he denied sub-letting the property to his brother. However, did admit travelling to Romania and not informing Barnet Homes. The tenant returned the keys and the property was recovered. Due to the tenant still living in Romania there is no prospect of a prosecution.

**Case 7** – Mr K had a one-bedroom flat in Finchley, a referral was received from Barnet Council's Gas Safety Team, they were unable to gain access to the social housing property. Evidence obtained during the CAFT investigation confirmed the tenant had been abroad since 17 May 2020 and has not returned, there was no intention to return by the tenant. The matter was passed to legal for civil proceedings and the property was recovered.

**Case 8** – Mr S rented a three-bedroom house in Barnet, a CAFT investigation started following an allegation that the succession application Mr S provided was false and had not lived in the property for the prescribed 12 months to allow him to succeed from his father who had passed away. Evidence obtained during the investigation found the applicant had a private tenancy elsewhere and had not been living at the tenancy address. Mr S attended an interview under caution where he denied completing a false application, he claimed that although he did have a private tenancy elsewhere, he had never moved in. The matter was passed to legal for civil and criminal proceedings, Mr S returned the

keys to the social housing property two days before the civil hearing and their property was recovered. On the day of the criminal trial, he changed his plea to guilty under the Fraud Act 2006, he was sentenced to 150 hours unpaid work, the court was informed Mr S had savings of over £30,000, however was ordered to pay compensation of £1595.

# FINANCIAL INVESTIGATIONS (FI)

A Financial Investigation under the Proceeds of Crime Act 2002 (POCA) ensures that any person(s) subject to a criminal investigation by Barnet do not profit from their criminal actions.

There have been **14** cases dealt with in **Quarter one** of 2022-23 relating to financial investigation

**12** cases carried forward from 2021-22

**2** New FI Cases opened in quarter 1

**3** FI cases closed in quarter 1

**11** on-going FI investigations

## New Referrals received in Quarter 1



**1** New referral has been received under the joint working agreement with London Borough of Haringey

**1** New referral relates a corporate investigation Covid Business Grant Fraud

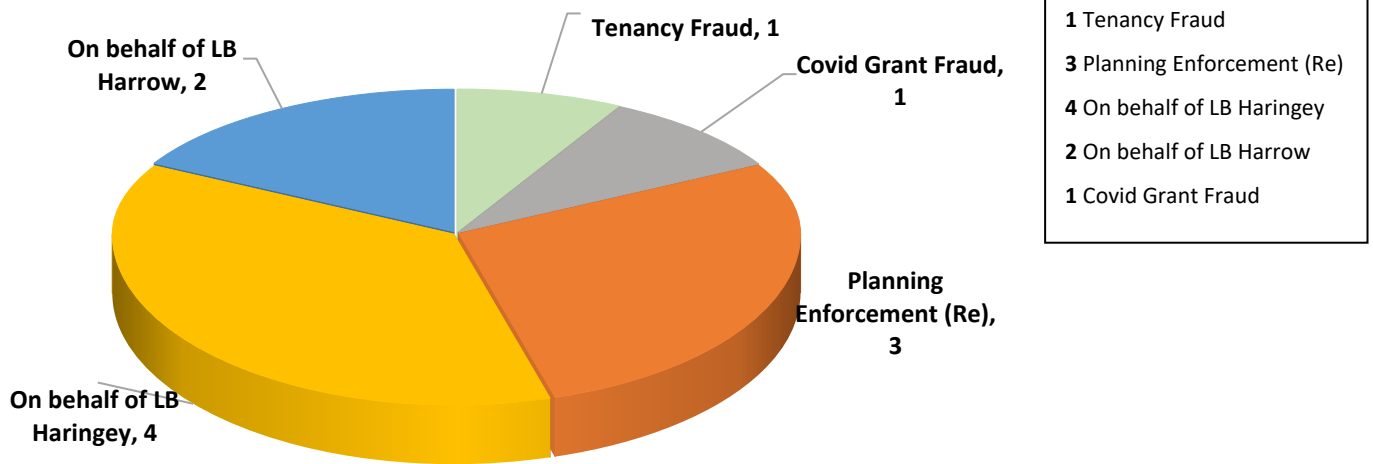
## Closed cases in quarter one

**2** Proceeds recovered

**1** Insufficient Evidence

## On-going investigations

## AREAS OF INVESTIGATION FOR ON-GOING POCA CASES



### Noteworthy POCA Cases

**Op Kukri** relates to partnership working with London Borough of Haringey. It relates to a breach of a planning enforcement notice where two properties were unlawfully converted into flats and rented out. The breach of the enforcement notice makes the offence criminal in nature and as a result any income derived from the offence is subject to Proceeds of Crime legislation.

On 15 September 2021, the Crown Court made a confiscation order in the sum of **£100,000**, in addition to this the defendant was issued a £12,000 fine and ordered to pay £4,500 in costs. The case was closed once the confiscation order was paid.

- **Op Kukri:** confiscation order amount £100,000 (37.5% split = £37,500 – 7.5% top slice (Administration) = **£34,687.50**. London Borough of Barnet receive 10% of the confiscation order **£10,000** plus their costs totalling **£400**.